

Memorandum

TAB 70

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 21-22, 2015

Reference No.: 2.5h.

Action Item

From: NORMA ORTEGA
Chief Financial Officer

PASSED BY

CTC

Prepared by: Steven Keck, Chief
Division of
Budgets

OCT 22 2015

CALIFORNIA
TRANSPORTATION COMMISSION

Subject: FINANCIAL ALLOCATION FOR FEDERAL FISCAL YEAR 2015-16 LOCAL ASSISTANCE LUMP SUM ALLOCATION – FEDERAL FUNDS RESOLUTION FM-15-01

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) allocate ~~\$1,557,539,000~~ to the Department for the Division of Local Assistance's federal subvention budget for Fiscal Year (FY) 2015-16.

ISSUE:

\$778,770,000

\$778,770,000

The Department requests the Commission to allocate the federal portion of Local Assistance subvention funds in the amount of ~~\$1,557,539,000~~. This amount includes the following:

- ~~\$1,506,000,000~~ as authorized in Budget Act Item 2660-102-0890(1) from the Budget Act of 2015; ~~\$1,753,000,000~~
- ~~\$61,539,000~~ for the local share of August Redistribution; and
- ~~\$10,000,000~~ decrease from the Highway Safety Improvement Program (HSIP) apportionment to fund the Systemic Safety Analysis Report (SSAR) program.

Both the August Redistribution and HSIP exchange are pending a Department of Finance (DOF) approval of a budget revision.

The Moving Ahead for Progress in the 21st Century Act (MAP-21) was approved on July 6, 2012, and consolidated many of the local subvention sub-programs into four major federal programs. The Extension of the MAP-21 Act for Federal Fiscal Year (FFY) 2014-15 expires on September 30, 2015. At the present time, there is no extension for FFY 2015-16 and the Department assumes that a continuing resolution will be passed to fund federal programs at the same level as FFY 2014-15.

On September 9, 2015, the Department's Division of Budgets submitted a budget revision to DOF to increase the state budget authority for FY 2015-16 Local Assistance federal funding (Budget Item 2660-102-0890[1]) by about \$61,539,000 from August Redistribution.

The Division of Local Assistance will reduce their local federal HSIP funds by \$10 million and exchange this amount for \$10 million in State Highway Account (SHA) funds (see book item 2.5i.) for the SSAR program. The Department endeavors to use the State Highway Account to encourage underserved agencies to participate in the HSIP program. Since the underserved local agencies do not have enough staff and expertise to administer the federal funding and identify eligible HSIP projects, it will be less cumbersome to use State funds. A Budget Revision is being concurrently submitted to DOF to decrease federal funding (Budget Item 2660-102-0890[1]) by \$10 million in FY 2015-16.

Based on the federal allocation request, the pending increase from August Redistribution, and the pending decrease of the HSIP exchange, local programs' sub-allocations will be as impacted as displayed below.

<u>Program</u>	<u>Allocation Request</u>	<u>August Redistribution</u>	<u>HSIP Exchange</u>	<u>Total</u>
National Highway Performance Program	\$216,990,000	\$11,353,000		\$228,343,000
Surface Transportation Program	\$522,477,000	\$27,338,000		\$549,815,000
Congestion Mitigation and Air Quality Program	\$436,660,000	\$22,848,000		\$459,508,000
Highway Safety Improvement Program	\$71,997,000		(\$10,000,000)	\$61,997,000
Discretionary Programs	\$257,876,000			\$257,876,000
Total	\$1,506,000,000	\$61,539,000	(\$10,000,000)	\$1,557,539,000

~~6753,000,000~~ ~~30,764,500~~ ~~30,764,500~~ ~~(5,000,000)~~ ~~\$778,770,000~~
 Page four displays the total allocation authority by category.

BACKGROUND:

The Department's Local Assistance Program administers the subvention budget under delegated authority from the Commission. Each year the Department requests an annual lump sum allocation for these funds consistent with the annual Budget Act. At June 2015 Commission

meeting, the Commission allocated approximately \$106 million of state subvention funds, per Resolution FM-14-03.

The Department is requesting an allocation of approximately \$1.6 billion of federal subvention funds for the start of the FFY, which begins October 1, 2015. The allocation of these federal subvention funds will allow the Department to sub-allocate projects once the federal funds are made available by the Federal Highway Administration.

The guidelines for allocating, monitoring, and auditing of funds for Local Assistance projects are set forth in Commission Resolution G-99-25, which is based on Section 14529.1 of the California Government Code. Commission Resolution G-01-08 delegates the authority to the Department to adjust allocations between categories, and the Department reports to the Commission if transfers in or out of an expenditure category exceed 10 percent of its allocation.

RESOLUTION:

Resolved, that ~~\$1,557,539,000~~^{\$ 778,700,000} in federal funds be allocated from the Budget Act of 2015, Budget Act Item 2660-102-0890(1), in accordance with the table on the next page, bringing the total lump sum allocation for the Fiscal Year 2015-16 Local Assistance subvention budget to \$1,673,617,000, contingent upon the Department of Finance's approval on the budget revision.

ALLOCATION OF FUNDS FOR FISCAL YEAR 2015-16 LOCAL ASSISTANCE
(Dollars in Thousands)

	State	Federal	Total
<u>2660-102-0042(1)</u>			
Surface Transportation Program			
(STP) State Match and Exchange	\$57,849		\$57,849
Bridge Inspection	735		735
Railroad Grade Separations	15,000		15,000
Railroad Grade Crossing Maintenance	3,765		3,765
Miscellaneous Unassigned Local Programs	3,250		3,250
Freeway Service Patrol	25,479		25,479
Systemic Safety Analysis Report Program¹	10,000		10,000
Subtotal	\$116,078		\$116,078
 <u>2660-102-0890(1)</u>			
National Highway Performance Program (NHPP) ²		\$228,343	\$228,343
Surface Transportation Program (STP) ³		549,815	549,815
Congestion Mitigation and Air Quality Program (CMAQ)		459,508	459,508
Highway Safety Improvement Program (HSIP) ⁴		61,997	61,997
Discretionary Programs ⁵		257,876	257,876
Subtotal		\$1,557,539	\$1,557,539
Total Local Program	\$116,078	\$1,557,539	\$1,673,617
 June 25, 2015, State Allocation, FM-14-03			- \$106,078
Systemic Safety Analysis Report Program			- \$10,000
Current Allocation Request			<u>\$1,557,539</u>

¹ Resolution FM-15-02 is being submitted to amend Resolution FM-14-03 to increase the FY 2015-16 Local Assistance state lump sum allocation by \$10 million for the SSAR program.

² Funding is reserved for State Highway System (SHS) bridges on the National Highway System (NHS). If a bridge is not classified as on the NHS, the local share of NHPP may be exchanged for the state share of STP.

³ About \$75 million is set aside for bridges that are off the SHS and about \$51 million is budgeted to be exchanged on a dollar-for-dollar basis for State Highway Account funds (2660-102-0042(1)).

⁴ \$10 million of HSIP fund is being exchanged for SHA funds for the SSAR program.

⁵ This funding is for discretionary programs, Demonstration projects, Emergency Relief, and miscellaneous federal programs for MAP-21 and previous Federal Transportation Acts.